

## Message Text

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21

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 CIEP-01 TRSE-00 STR-01 OMB-01 CEA-01

COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 FEA-01

INT-05 OES-03 /093 W

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R 142133Z MAR 75

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 7642

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN SALVADOR 1042

E.O. 11652 - XGDS-1, DECLASS INDETERMINABLE

TAGS:, ETRD, ECIN, ES, MX, VE

SUBJECT/ SELA

1. IN A CONVERSATION OF MARCH 12 ON SEVERAL OTHER SUBJECTS, FONMIN BORGONOVO RAISED THE SUBJECT OF SELA BY ASKING ME WHAT USGOV VIEWS WERE ON IT. I REPLIED THAT SINCE WE WERE NOT BEING TOUTED FOR MEMBERSHIP AND OUR KNOWLEDGE WAS IMPERFECT AND LARGELY HERESAY, THE USGOV HAD NOT RPT NOT YET FORMULATED ANY POSITION. I ALSO ALLUDED UNSPECUFICALLY TO OUR AVERSION TO ENTITIES THAT IMPLIED CONFRONTATION WITH OUR LATIN AMERICAN FRUNDS AND OUR ADHERENCE TO THE CONCEPT OF AN INTERDEPENDENT HEMISPHERE RELATIONSHIP.

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2. BORGONOVO CONFIRMED THAT HIS OWN KNOWLEDGE OF SELA WAS ALSO INEXACT DESPITE A RECENT PROMOTIONAL VISIT HERE (FEB 26) OF THE MEXICAN AMBASSADOR TO VENEZUELA (NAVARRETE). BORGONOVO IMPLIED THAT THE LATTER HAD NOT BEEN ABLE TO ENLIGHTEN GOES OFFICIALS VERY MUCH AS TO SELA'S PROPOSED OBJECTIVES, ORGANIZATION AND FUNCTIONS. IT WAS CLEAR THAT SELA WAS TO SERVE THE PURPOSE OF LATIN AMERICAN INTEGRATION, BUT BORGONOVO WAS LEFT ONLY WITH A VAGUE IMPRESSION THAT THIS WAS TO BE ACHIEVED THROUGH "SPECIFIC PROJECTS" RATHER THAN VIA "NEW INSTITUTIONS." GETTING TO SPECIFICS, HE TOLD HIS MEXICAN VISITOR THAT THE GOES HAS BEEN ATTEMPTING FOR SOME TIME, BUT WITHOUT SUCCESS, TO OVERCOME MEXICAN TRADE BARRIERS TO SALVADORAN EXPORTS (SALVADOR HAS A VERY UNFAVORABLE TRADE BALANCE WITH MEXICO) AND HE WOULD BE INTERESTED IN ANY INTEGRATION PROJECT THAT WOULD REMOVE THESE BARRIERS TO ENABLE SALVADOR TO EXPORT MORE TO MEXICO. IN AN ASIDE, BORGONOVO TOLD ME THAT HE BELIEVES THAT EL SALVADOR'S NATURAL MARKETS ARE THE US AND OTHER EXTRA-HEMISPHERE DEVELOPED COUNTRIES RATHER THAN LATIN AMERICA'S MORE ADVANCED COUNTRIES AND THAT HE WAS SKEPTICAL THAT SELA WOULD DO VERY MUCH TO IMPROVE TRADE OPPORTUNITIES FOR EL SALVADOR IN COUNTRIES LIKE MEXICO, BRAZIL OR VENEZUELA. WHEN I ASKED ABOUT THE STATUS OF VENEZUELA'S PETROLEUM LOAN FUND TO CENTRAL AMERICA, BORGONOVO RESPONDED THAT VENEZUELAN PRESIDENT HAD SENT A SPECIAL REPRESENTATIVE TO EL SALVADOR TO LOOK INTO IT BUT THAT NOTHING CONCRETE HAD BEEN SETTLED SINCE THE VENEZUELAN BUREAUCRACY DID NOT SEEM TO BE VERY COMMITTED TO MOVING QUICKLY ON "PRES. PEREZ'S LOAN FUND."

3. BORGONOVO THEN WONDERED OUT LOUD WHETHER SELA'S ADVOCATES WERE MOTIVATED MORE BY POLITICAL CONSIDERATION THAN ECONOMIC. IN THIS REGARD HE CITED GUATEMALA'S CONCERN, IMPLIEDLY SHARED BY GOES, THAT MEXICO AND VENEZUELA WERE INTERESTED IN SELA AS A VEHICLE FOR NORMALIZING CUBA'S RELATIONS WITH LATIN AMERICA. HE CONSIDERED THE RECENT PROPOSAL FOR THE FORMATION OF A REGIONALLY-OWNED CARIBBEAN SHIPPING COMPANY NOT TO BE UNRELATED TO SELA, SINCE THE MAJOR SHIPPING COMPANY ADVOCATE (I.E., MEXICO) SEEMED TO BE INSISTENT ON THE INCLUSION OF CUBA IN THIS VENTURE AS WELL. HE SAID HE CONSIDERED THAT THE INCLUSION OF CUBA IN BOTH THE SHIPPING AND SELA PROPOSALS RAISES THE QUESTION OF POSSIBLE SALVADORAN VIOLATION OF RIO

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TREATY OBLIGATIONS IF IT BECOMES INVOLVED IN BOTH VENTURES WITH CUBA, SO LONG AS SANCTIONS ARE STILL IN EFFECT. THE GOES INTENDED TO SOUND OUT THE PANAMANIAN GOVERNMENT, VIA ITS "SPECIAL MILITARY RELATIONSHIP" CHANNELS, AS TO POSSIBLE POLITICAL MOTIVATIONS OF SELA'S CHIEF PROPONENTS.

4. BORGONOVO LET ME READ A NOTE WHICH THE ARGENTINE FONMIN HAD ADDRESSED TO HIM ON THE SELA PROPOSAL. EVIDENTLY, AN

IDENTICAL NOTE HAD BEEN SENT TO ALL OTHER LATIN AMERICAN GOVERNMENTS WITH THE PROBABLE EXCEPTION OF MEXICO AND VENEZUELA. THE ARGENTINE NOTE SUCCINCTLY LISTED HALF A DOZEN CONCERNS OR RESERVATIONS ABOUT SELA. CHIEF AMONG THESE WERE THE CONSIDERATIONS THAT:

A) THE GOA WAS OPPOSED TO ANY INSTRUMENTALITY LIKELY TO ENHANCE SITUATIONS OF CONFRONTATION OR CONFLICT BETWEEN OR AMONG STATES IN THE HEMISPHERE; AND

B) THE GOA WAS SKEPTICAL ABOUT ADHERING TO THE IDEA OF SELA NOT ONLY BECAUSE IT WAS VAGUE BUT, MORE IMPORTANTLY, BECAUSE ITS PROponents WERE ENGAGED IN HARD-SELL ADVOCACY OF THEIR CONCEPTS RATHER THAN IN TRYING TO DETERMINE SELA'S DIMENSIONS THROUGH A JOINT NEGOTIATING SESSION AMONG PROSPECTIVE MEMBERS. BORGONOVO CLAIMED THAT THE GOVERNMENT OF BRAZIL SHARED THE VIEWS OF THE ARGENTINE GOVERNMENT.  
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